

## Statement of Judy Kulinski

Good morning. My name is Judy Kulinski and I would like to introduce my husband Reinhard. We are here today on behalf of Reinhard's father, and my father-in-law, Walter Kulinski, a man who was raised with values of trust and honesty. Walter isn't at my side today because, unfortunately his memory isn't as it used to be and he has difficulty remembering what happened to him 2 ½ years ago. Reinhard and I, along with our two sons, Casey and Chase, live with him in a duplex. Our intention for this arrangement was so we would be near to help Walter as he got older, to make him more comfortable than a senior home, in essence, to protect him.

In November 1997, Walter's trust in a persuasive telemarketer turned his financial situation and our family upside down. He received a cold sales phone call from a company named United Seniors Alliance. They were interested in setting up a living will and trust for him, saving his heirs many tax dollars; so they said. Being the trusting man that Walter is, they were soon frequenting his home. Many faces from this company came to see him; having him sign this and that, painting a picture of a trustworthy company that was only looking out for his own interests. The trust was drawn up on a master form based on California laws, never filed, and deemed to be adequate but very clumsy. When USA discovered how many assets Walter had, they offered to prepare his 1997 tax returns, free of charge. This gave them access to all of his financial records. Soon, his IRA was transferred to another firm and a 30-year annuity was set up with a very attractive interest rate, liquidating over \$280,000 from mutual funds and stocks he had had for many years. The attractive interest rate was only a tease. The 1<sup>st</sup> year rate was 7 1/4% dropping to 4 1/2% in the 2<sup>nd</sup> year. The annuity was set up so that Walter could not withdraw any funds for 10 years without a substantial penalty. What does an 84-year-old individual need with a 30-year annuity?

In March 1998 USA attempted to liquidate savings and certificate accounts of roughly \$325,000 from a Pewaukee bank that knows our family well. Upon receiving the transmittal information, the branch manager contacted us. I contacted the local police, knowing this wasn't right, but since Walter had willingly signed and consented to this, there was nothing they could do. After contacting numerous other agencies, I felt helpless and frustrated. No one was willing to help and I knew he was being scammed. I finally spoke with a then Detective, now Lieutenant, David LaFond of the Waukesha County Sheriff's Department. He seemed willing to listen and followed up the next day with Elmer Prenzlowl of the Department of Consumers Affairs. After weeks of frustration, I had finally found someone who would listen to me and help us. Scott Kann, of USA, was arrested and released on bail. He closed down shop in Milwaukee, moved to Arizona and apparently suffered multiple heart attacks, leaving him incapable of travel or unable to stand trial. After 2 ½ years of hearings and court appearances, this case against Kann was dropped because of Walter's failing memory.

What did Walter get out of trusting USA?

- A poorly written trust
- An incomplete, inaccurate tax return
- Taxes incurred on capital gains when his mutual funds were liquidated
- Potential interest and dividend income lost of in excess of \$46,000
- Legal fees
- Less than \$27,000 in restitution, enough to cover the penalties incurred when the annuity was withdrawn and deposited into a reputable fund.

What did Mr. Kann get out of taking advantage of an elderly man?

- His freedom; and ability to possibly do this again to someone else.
- A very large commission for liquidating Walter's mutual fund.

When Walter was younger, this world was more trusting and people respected each other. With the increasing numbers of elderly adults, we need to find a way to protect them from today's not so trusting world. From my experience and discussing this issue with my sister Shari, who has established her own business as a companion to the elderly, this abuse and disrespect is happening more and more. The family needs to get more involved. We cannot just tell our parents or grandparents to say no to all telemarketers or salespeople. They hear the word FREE, and believe they will be receiving something free! It is sad that my generation has no respect for the elderly. We need to start respecting these people, help them and be patient with them. The elderly don't realize that everyone they interact with may not be legitimate. We need to help them and advise them, support them. They are only acting on trust and honesty. It is time to get back to basics and start taking care of the generation that built this country, as they have so carefully taken care of us. It is time to educate the Baby Boomers and Generation X'ers that they cannot and will not get away with scamming the elderly. We need to update and upgrade our current laws to suit the new millennium.